



## Statement of Qualification

*Regarding the Clean-Up of Former Uranium Sites on Navajo Nation Land*

### ENERGY FUELS INC.

#### The White Mesa Mill



Fully-Licensed and Operating Uranium Processing & Tailings Facility

Can Immediately Receive Material from the Navajo Nation, upon Approval by the U.S. EPA & the Navajo EPA

Within Close Proximity to Former Uranium Sites Located on Navajo Nation Land

Material will be Removed from Navajo Nation Land Forever

The Potential to Recycle the Material, Recover Uranium, and Generate Offsetting Revenue

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## **EXECUTIVE SUMMARY**

Energy Fuels Inc. (“Energy Fuels” or the “Company”) is seeking to initiate discussions regarding the processing and final disposal of uranium ore remnants and mine waste rock (the “Ore Material”), classified by the U.S. Environmental Protection Agency (“EPA”) as Technologically Enhanced Naturally Occurring Radioactive Materials (“TENORM”), resulting from a program to be overseen by EPA to clean-up abandoned historic uranium mines located on Navajo Nation land.

Energy Fuels believes that it offers the EPA a unique combination of features, including the Company’s 100% owned-White Mesa Mill. The White Mesa Mill is the only licensed and operating uranium mill in the U.S. and has the ability to immediately receive the Ore Material upon approval by the EPA. In short, quickly following approval by the EPA to utilize the White Mesa Mill for the processing of the Ore Material, and the licensed disposal of the resulting tailings, the people of the Navajo Nation would see material moving off of their land in an environmentally responsible and permanent manner.

### **Reasons to Consider the White Mesa Mill:**

- Close proximity to the clean-up sites on Navajo Nation land:
  - *Approximately 75 road miles from Monument Valley, Arizona;*
  - *Approximately 100 road miles from Shiprock, New Mexico;*
  - *Approximately 200 road miles from Cameron, Arizona; and*
  - *Approximately 250 road miles from Grants, New Mexico.*
- Currently licensed by the State of Utah to immediately handle the Ore Material, upon approval by the EPA.
- The ability to process the Ore Material and recover uranium for sale to utilities for the generation of clean, carbon-free nuclear energy and potentially provide a credit to the project cost for the uranium recovered.
  - *The White Mesa Mill is the only facility in the United States with these capabilities.*
- Extensive experience in the handling of radioactive materials and recovery of uranium from a wide variety of sources, including trained managers and staff with expertise in the health, safety, environmental, and regulatory compliance matters applicable to this project.
- Because the tailings from processing the Ore Material will be 11e.(2) byproduct material under the Atomic Energy Act, title to the then-reclaimed White Mesa Mill and its tailings impoundments will be transferred to the U.S. Department of Energy (“DOE”) following site closure, for long term care and maintenance.
  - *Therefore, any risk to the EPA or the Navajo Nation of long-term liabilities associated with transferring the Ore Material to the White Mesa Mill is eliminated.*



- Excellent track-record of processing and disposing of material generated under other U.S. federal government agency clean-up programs, such as the Formerly Utilized Sites Remedial Action Program (“FUSRAP”) administered by the U.S. Army Corps of Engineers (“USACE”).
- Current processing capacity to immediately handle substantial quantities of material (up to 660,000 dry tons per annum).
- Current, state-of-the-art tailings capacity of more than 1.5 million dry tons and adequate land area for new tailings impoundment facilities (if needed) to handle even larger quantities of tailings derived from the Ore Material.
- Excellent track-record of regulatory compliance, safe operations, and environmental stewardship.
- Currently, Energy Fuels is a significant employer of Native Americans (including Navajo) at the White Mesa Mill and many of our mine sites. Under normal operations, the mill employs approximately 100 people, of which approximately 40% to 60% are Native American, including operators, maintenance personnel, and supervisors, depending on requirements at the time. Energy Fuels is committed to further increasing Navajo employment, including the hiring of Navajo contractors to perform the substantial trucking requirements expected to be needed to transport material from the Navajo Nation to the White Mesa Mill.
- Acknowledgement and recognition of the Fundamental Laws of the Dine’ in the performance of the requirements of this project, and in conformance with applicable local, state, and federal laws and regulations.
- Energy Fuels is prepared to discuss a mutually acceptable arrangement (with additional information on quantities, timing, and material characteristics) for what we believe could be a compelling and competitive solution to remove the Ore Material from Navajo Nation land.

The following pages contain general information about the White Mesa Mill and Energy Fuels.



## **OVERVIEW OF ENERGY FUELS**

Energy Fuels is one of the leading uranium mining and production companies in the U.S. We are publicly-traded on the NYSE MKT and Toronto Stock Exchanges (tickers: NYSE MKT: UUUU; TSX: EFR). Financial and other information about Energy Fuels is available on the website of the Securities and Exchange Commission ("SEC") at [www.edgar.com](http://www.edgar.com), on the website of the Canadian securities regulators at [www.sedar.com](http://www.sedar.com), and on the Company's website, [www.energyfuels.com](http://www.energyfuels.com). The Company can also provide this, and other, information upon request.

Energy Fuels' business is divided into two segments: (1) the ISR Segment and (2) the Conventional Segment. In general terms, uranium can be recovered utilizing *in situ* recovery ("ISR"), which is a form of in-place solution mining, whereby water, fortified with oxygen and bicarbonates, is injected into underground uranium formations. The solution liberates the uranium from the formation, and recovery wells pump the uranium-bearing water to the surface where the uranium is recovered from the solution. The Company currently owns and operates a producing ISR project called the Nichols Ranch ISR Project which is located in Wyoming's Powder River Basin, and a fully operational ISR project currently on standby, called the Alta Mesa ISR Project which is located in South Texas.

In conventional uranium recovery, uranium-bearing rock (called "ore") is removed from surface or underground mines and shipped to a mill for processing into uranium concentrate. The Company's White Mesa Mill is specifically designed to receive and process conventional ore from mines owned by the Company and by 3<sup>rd</sup> parties. If Energy Fuels is selected to receive Ore Material from Navajo Nation land, we would process it and recover uranium as a part of our conventional uranium operations. The Company also recovers uranium from alternate feed materials. Alternate feed materials are uranium-bearing materials, not derived from conventional ore, which can be recycled at the White Mesa Mill for the recovery of uranium.

In 2016, the Company expects to produce a total of approximately 1,035,000 pounds of uranium concentrate, including 700,000 pounds from the White Mesa Mill and 335,000 pounds from the Nichols Ranch ISR Project. As a whole, the Company owns over 11.5 million pounds of annual uranium processing capacity, including over 8 million pounds at the White Mesa Mill, 2 million pounds at the Nichols Ranch ISR Project, and 1.5 million pounds at the Alta Mesa ISR Project.

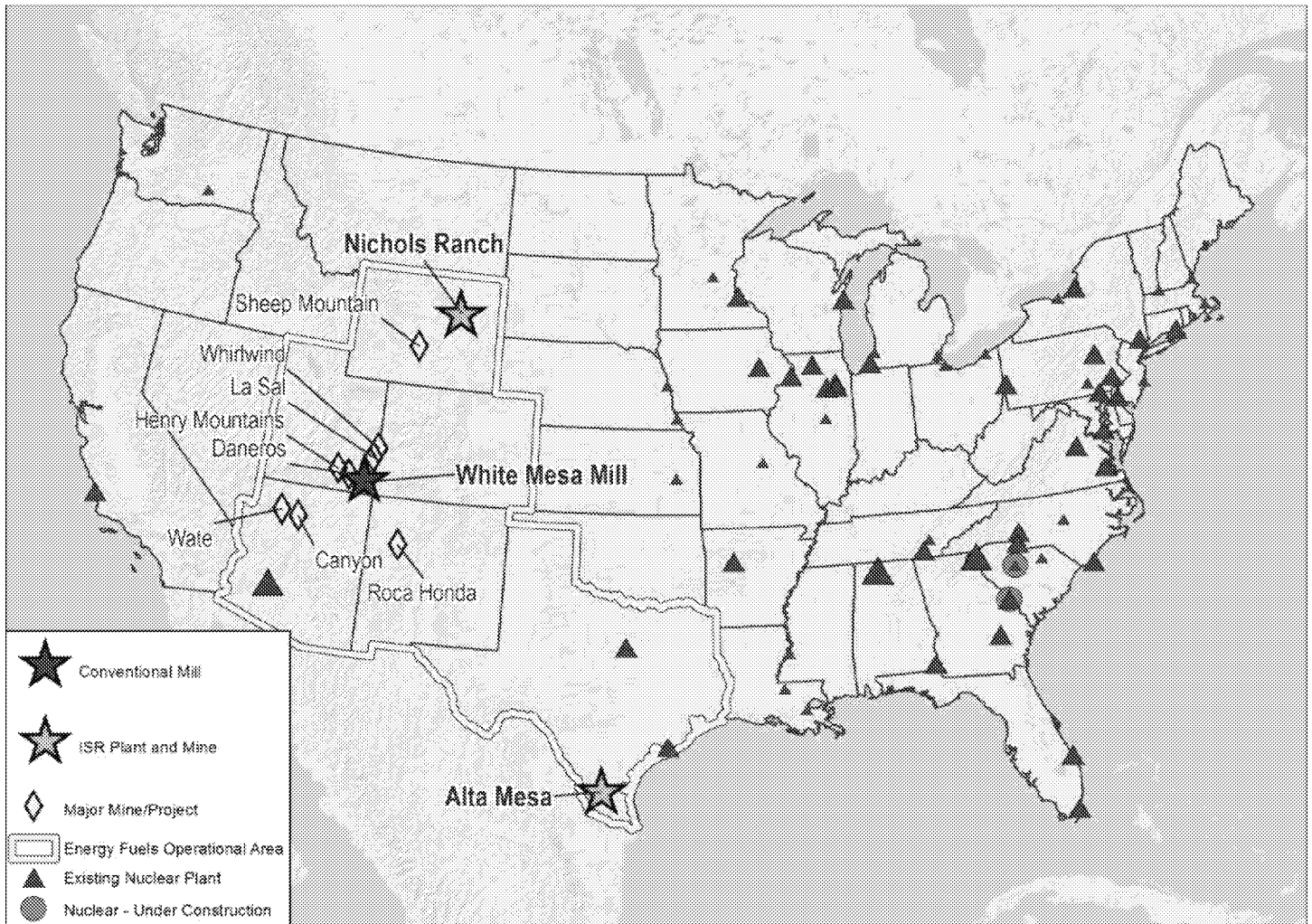
Therefore, the Company has considerable excess processing capacity at the White Mesa Mill, which could be utilized for the clean-up of the Navajo Nation land.

The uranium produced by Energy Fuels is sold to utilities for the generation of electricity using nuclear technology. Nuclear energy generates approximately 20% of all electricity in the U.S. – and 62% of the emission-free and carbon-free electricity in the U.S.



## GENERAL PROJECT LOCATIONS

The Company's uranium production assets are focused on the best uranium-mining districts in the United States. The following map shows the general location of the Company's major projects, including projects in production, development, permitting, evaluation, and care & maintenance.



As can be seen from the above-referenced map, Energy Fuels' White Mesa Mill (the purple Star in southeast Utah) is ideally located in the "Four Corners Region", and within easy trucking of most of the historic mines and clean-up sites located on the Navajo Nation land.



## **THE WHITE MESA MILL**

*Fully-Permitted, Constructed & Operating*

The White Mesa Mill (“**White Mesa**” or the “**Mill**”) is the only operating conventional uranium mill in the United States. As a result of White Mesa, Energy Fuels is the only location in the United States where conventional uranium ore or uranium-bearing alternate feed materials can be processed into finished natural uranium concentrates that are sold to nuclear utilities. Constructed in 1980 and located near the town of Blanding in southeastern Utah, it is central to the best conventional uranium deposits in the United States. The facility is fully licensed, currently operating, and in good standing with the State of Utah (an “Agreement State”). Energy Fuels owns 100% of this facility.

The Mill has a licensed capacity to process 2,000 tons of ore per day (660,000 tons per year) and over 8 million pounds of  $U_3O_8$  production per year. Historically, the Mill has produced up to 5 million pounds of uranium in a single year. Though over the past several years, the facility has only produced an average of about 1 million pounds per year, and in 2016, the Company expects to produce about 700,000 pounds of  $U_3O_8$  from this facility. Historically, the Mill has operated on a “campaign basis”, whereby it produces uranium when adequate feed exists, and then is placed on standby, care & maintenance. As a result of this historic underutilization, the White Mesa Mill has the potential to provide the EPA with a long-term and reliable facility that can: (i) keep-up with the EPA clean-up; (ii) recycle material from the clean-up sites to produce marketable natural uranium; and (ii) store the tailings at a licensed facility that will, following reclamation, be transferred to the DOE for long term care and maintenance.

In addition to processing uranium ores from conventional mines in the “Four Corners” region of the U.S., the White Mesa Mill also processes alternate feed materials. Alternate feed materials are natural uranium-bearing materials that are not derived directly from conventional ore. They are often uranium-bearing “waste streams” from other uranium mineral processing and the uranium conversion processes. When opportunities arise, alternate feed materials represent some of the lowest-cost source of uranium production in the World today, while also providing a valuable service by disposing of uranium-bearing materials in an environmentally responsible manner.

The White Mesa Mill currently has the capacity to store in excess of 1.5 million tons of additional material in existing licensed and constructed tailings impoundment facilities. In addition, the Company has ample land area which can be used for the construction of future tailings facilities, if and when needed. The current tailings impoundment facility is state-of-the-art and utilizes a double synthetic liner system with leak detection, and a third geo-synthetic clay liner in accordance with current best management practices.

The White Mesa Mill also has a separate circuit for the recovery of vanadium from certain ores that are available in the region, especially along the “Uravan Mineral Belt” that straddles the Colorado-Utah border. Indeed, the White Mesa Mill has produced more pounds of vanadium in its lifetime, than uranium. Vanadium has historically been sold to the metallurgical industry for use in high-strength steel and titanium alloys. However, high-purity vanadium is seeing increased interest today as a catalyst used in large-capacity battery systems used in the renewable energy industry. The White Mesa Mill currently has the capability to produce a



high-purity vanadium product which has been demonstrated to work in certain battery systems. Energy Fuels last produced vanadium in 2013, when it produced approximately 1.5 million pounds, which were sold into the metallurgical market.

### **Native American Employment**

Under normal operations, the White Mesa Mill employs approximately 100 people, and an additional 25 people, if the vanadium circuit is operating. The work force is normally 40% to 60% Native American (mostly Navajo), including operators, maintenance personnel, and supervisors, depending on requirements at the time. As of September 2016, Native Americans comprised 46%, or 44 out of 96, of the employees and contractors at the White Mesa Mill.

In addition, the Company is committed to increasing Native American employment as much as possible, including hiring Navajo companies to transport material from the Navajo Nation to the Mill. As part of this commitment, the Company is prepared to work with Navajo companies to ensure they are able to acquire all necessary certifications, insurance, and training required to participate in this substantial and critical role, and that these functions can be carried out at the highest levels of health, safety, and professionalism.

### **Commitment to Dine' Fundamental Law**

The Company respects, acknowledges, and recognizes the Fundamental Laws of the Dine' with respect to this project. Consequently, the Company is committed to working with the Navajo Nation to preserve, protect and enhance the Dine' Life and sovereignty of the Navajo People and the government of the Navajo people in all aspects of this project. The Company looks forward to further discussions with the Navajo Nation in implementing the Fundamental Laws of the Dine' for this project in conformance with all local, state and federal laws and regulations, and best management practices.

### **Tailings Management**

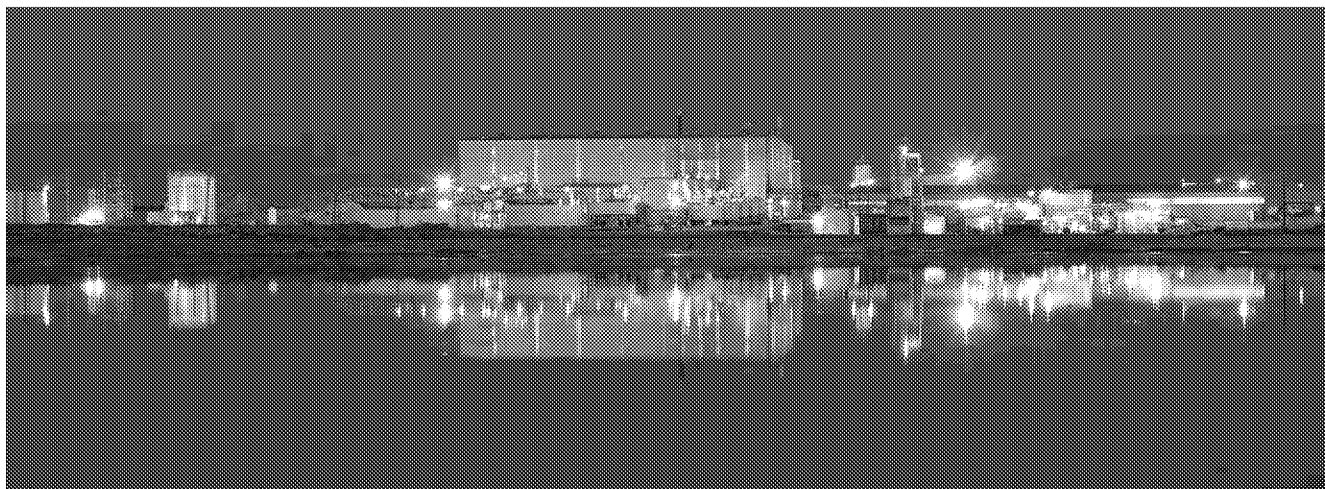
With regard to tailings management, the system at the White Mesa Mill is comprised of two (2) evaporation ponds, two (2) active tailings disposal cells, and one (1) disposal cell currently being reclaimed. One of the two active tailings cells is approximately 95% full, and the second active disposal cell has approximately 1.5 million tons of remaining capacity. Further, one of the existing recently constructed evaporation ponds is currently licensed to be converted into a tailings disposal cell, for further immediate tailings disposal capacity, if necessary. All new cells (including the recently constructed evaporation pond) are 40-acres in size with a geo-synthetic clay liner ("GCL") and two (2) 60 mil HDPE liners with a 300 mil HDPE geonet leak detection layer between the HDPE liners. The cells are also built with a robust dewatering system to stabilize the tailings sand prior to final cover placement. The cells in which the tailings from processing the Ore Material would be placed were recently constructed, are state-of-the-art, and meet all applicable regulatory requirements. In addition, both the tailings management system and the White Mesa Mill as a whole are extensively monitored by the State of Utah to stringent containment standards, which makes the Mill an ideal location for Ore Material.





In addition, the White Mesa Mill has a total land area of over 5,000-acres. To date, only a small proportion of this land has been utilized for mill operations and tailings impoundments, so there is considerable additional land for future tailings impoundment facilities. The mill license and operating plan allows for the construction of additional tailings impoundment facilities. Therefore, once the current tailings impoundments are filled, additional ones can easily be constructed in the future if and as needed.

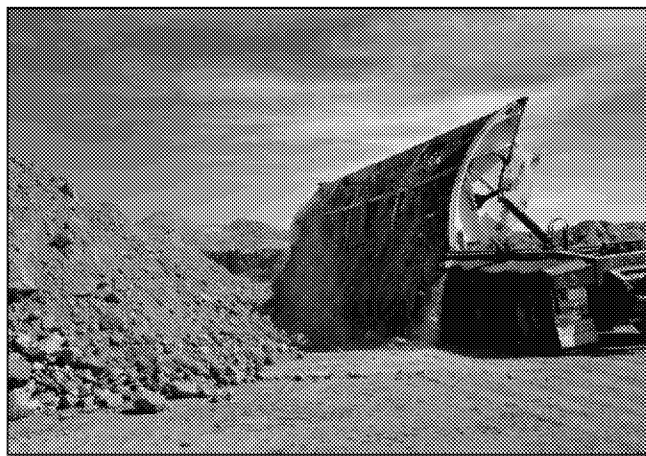
## PHOTOGRAPHS OF THE WHITE MESA MILL



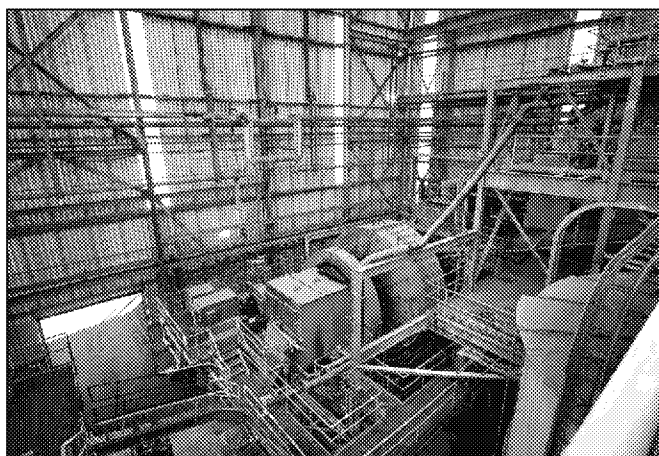
*The White Mesa Mill at Night*



*Mill Building and Reagent Storage*



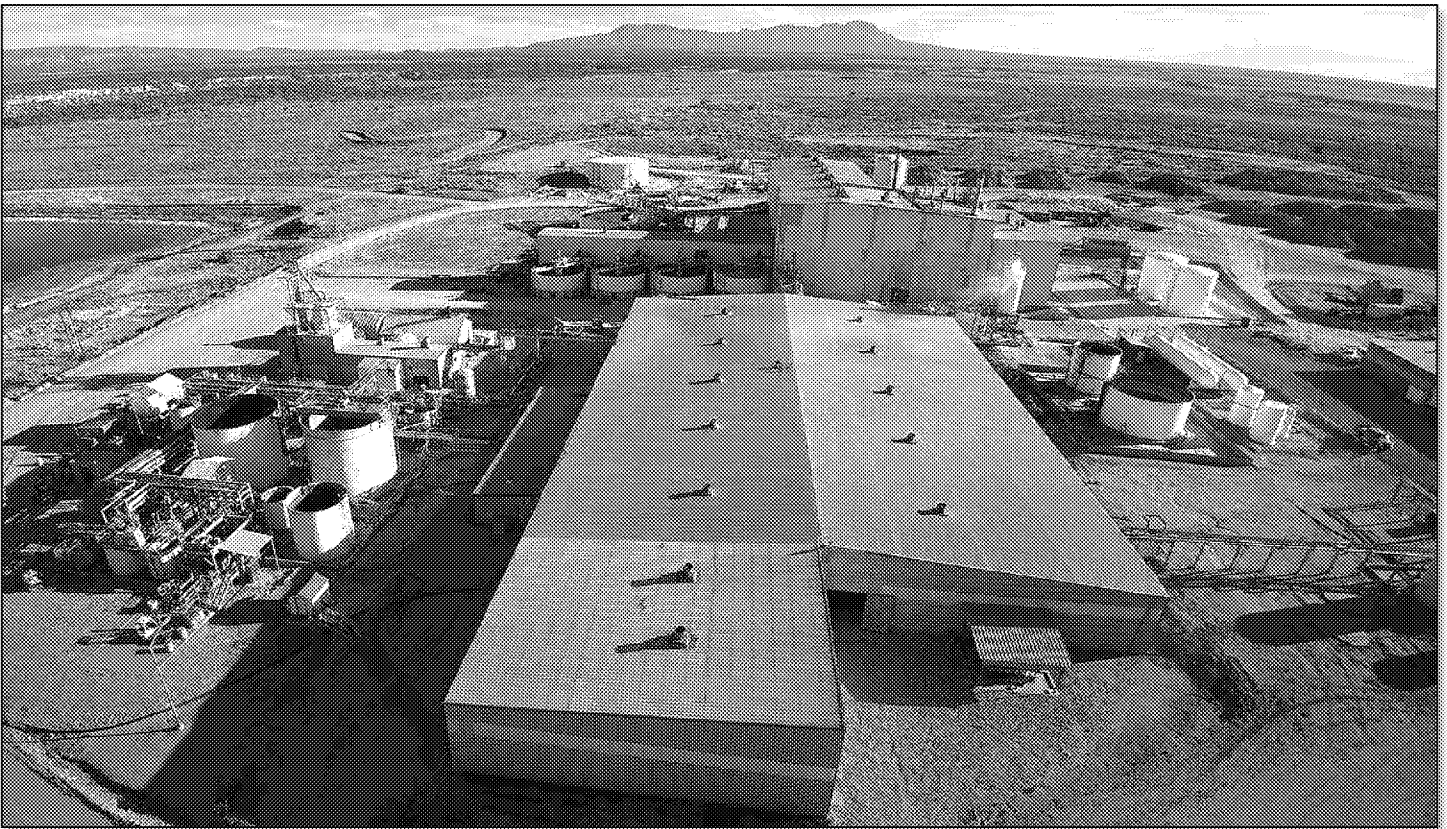
*Offloading Uranium Ore onto Stockpile*



*Semi-Autogenous Grinding (SAG) Mill*



*Solvent Extraction Circuit*





## **EXCELLENT TRACK-RECORD OF WORKING WITH GOVERNMENT AGENCIES ON CLEAN-UPS**

### *Formerly Utilized Sites Remedial Action Program ("FUSRAP")*

The White Mesa Mill has an excellent track-record of working collaboratively with U.S. federal government agencies in past clean-ups, including receipt of Off-Site rule determinations. In the late 1990's and early-2000's, the White Mesa Mill received and processed material under the Formerly Utilized Sites Remedial Action Program ("FUSRAP") which was administered by the U.S. Army Corps of Engineers ("USACE").

Before discussing the important role of the White Mesa Mill in FUSRAP, it should be noted that Energy Fuels believes that the issues and activities related to FUSRAP were considerably more difficult and complicated than those posed by the removal of Ore Material from Navajo Nation land. However, the Company wishes to describe the White Mesa Mill's role in FUSRAP, as it provides a number of important parallels and demonstrates a record of responsibility, collaboration, and success for the EPA to evaluate involving the White Mesa Mill and its personnel.

FUSRAP was a program administered by the USACE to conduct assessment, remedial action, and site closure activities for sites where the Manhattan Engineering District or Atomic Energy Commission conducted activities during the 1940's, 1950's, and 1960's. The clean-up of these sites generated low-level radioactive material, including uranium, thorium, and/or radium, with some mixed waste.

From 1998 to 2007, the White Mesa Mill accepted over 350,000 tons of material under FUSRAP, including material containing low levels of uranium from the Ashland 1, Ashland 2 and Linde sites located in Tonawanda, New York. Those materials were processed at the White Mesa Mill for the recovery of uranium, and the tailings from that processing were permanently disposed of in the Mill's tailings management system as 11e.(2) byproduct material. The USACE conducted a study and analyzed several options for disposing of this material, including recycling the material at the White Mesa Mill for the recovery of uranium and direct disposal. The USACE selected the option to recycle the material at the White Mesa Mill, because it resulted in the greatest number of benefits, including protection of human health and the environment, compliance with State and Federal requirements, and the reuse and recovery of uranium for the generation of clean nuclear energy. The White Mesa Mill was also selected because it was the most cost-effective means of material disposal and provided a beneficial use of the material consistent with the intent of the Resource Conservation and Recovery Act (RCRA) to encourage recycling and recovery.



## **KEY PERSONNEL**

### *Extensive Experience in the Uranium Recovery Industry*

A few of the key team members that oversee the operation of the White Mesa Mill include the following:

#### **Mark S. Chalmers, Chief Operating Officer**

Mr. Chalmers is the Chief Operating Officer for Energy Fuels, overseeing all of the Company's conventional and ISR operations. Mr. Chalmers has a 40-year career in the uranium production industry that includes work on 15 uranium projects in five different countries. Mr. Chalmers graduated as a Mining Engineer from the University of Arizona in 1980. Over the past 20 years, Mr. Chalmers has worked for Heathgate Resources (the Beverley/Four Mile Mines in Australia), Paladin Energy (the Langer Heinrich and Kayelekera Mines in Namibia and Malawi, respectively), and Marubeni (assisting this Japanese company with their projects in Kazakhstan).

#### **David C. Frydenlund, Senior Vice President, General Counsel and Corporate Secretary**

Mr. Frydenlund is Senior Vice President, General Counsel and Corporate Secretary of Energy Fuels, and has been involved with the White Mesa Mill since 1997. Mr. Frydenlund's responsibilities include oversight of all legal matters relating to the Company's activities. His expertise extends to the NRC, EPA, State and Federal regulatory and environmental laws and regulations. From 1997 to 2012, Mr. Frydenlund was Vice President Regulatory Affairs, General Counsel and Corporate Secretary of Denison Mines Corp., and its predecessor International Uranium Corporation ("IUC"), which owned and operated the White Mesa Mill prior to its acquisition by Energy Fuels. He also served as a Director of IUC from 1997 to 2006 and was Chief Financial Officer of IUC from 2000 to 2005. From 1996 to 1997, Mr. Frydenlund was a Vice President of the Lundin Group of International public mining and oil and gas companies, and prior thereto was a partner of Ladner Downs (now Borden Ladner Gervais) a major law firm in Vancouver, where he focused on corporate, securities and international mining transactions law. Mr. Frydenlund holds a bachelor's degree in business and economics from Simon Fraser University, a master's degree in economics and finance from the University of Chicago, and a law degree from the University of Toronto.

#### **W. Paul Goranson, Executive Vice President of ISR Operations**

Mr. Goranson is Executive Vice President of ISR Operations for Energy Fuels. Mr. Goranson has over twenty-eight years of mining, processing and regulatory experience in the uranium extraction industry that includes both conventional and ISR mining, and he is a registered professional engineer. Prior to acquisition by Energy Fuels of Uranerz Energy Corporation, Mr. Goranson served as President, Chief Operating Officer and Director of Uranerz, where he was responsible for operations of the Nichols Ranch ISR Project. In addition to those duties, he also managed the uranium marketing, regulatory and government affairs, exploration, and land groups. Prior to joining Uranerz, Mr. Goranson served as President of Cameco Resources, where he led the operations at the Smith Ranch-Highland, Crow Butte and North Butte ISR uranium recovery facilities in Wyoming and Nebraska. Mr. Goranson also served as Vice President of Mesteha Uranium LLC, and he has served in senior positions with Rio Algom Mining (a subsidiary of BHP Billiton), and Uranium Resources Inc.



Mr. Goranson has a Bachelor of Science in Natural Gas Engineering from Texas A&M University, and has a Master of Science in Environmental Engineering from Texas A&M University-Kingsville. He is also a registered Professional Engineer.

Mr. Goranson has also worked on various uranium remediation and cleanup sites in the Grants Uranium District in New Mexico and Lisbon Valley in Utah while working for Rio Algom, on behalf of BHP Billiton.

### **Other Expertise**

In addition to the Key Executives mentioned above, the company has the support of various environmental, radiation, geological and mining professionals who are experienced in the uranium mining, processing, licensing, permitting, and remediation aspects of the business.

## **LEGAL BASIS**

Although the Ore Material is currently classified as TENORM by the EPA, the Mill is currently licensed to receive and process the Ore Material as conventional ore under its existing licenses and permits. When these materials are processed at a licensed uranium mill, the resulting tailings are permanently disposed of as 11e.(2) byproduct material in the mill's tailings impoundment. Upon reclamation of the Mill, the tailings impoundments will be transferred to the DOE for perpetual care and maintenance. As a result, the risk to the EPA and Navajo Nation of long-term liabilities associated with transferring the Ore Material to the White Mesa Mill for processing is eliminated.

To the extent the Ore Material comes from a CERCLA site, the Mill will be required to obtain an approval from the EPA under the CERCLA Off-Site rule. The Mill has received such approvals from the EPA on numerous occasions in the past in connection with its receipt and processing of various FUSRAP and other materials. These approvals are administrative in nature and are typically routine for the White Mesa Mill, but can be exceedingly expensive, time-consuming, and difficult for others. Energy Fuels can see no reason why such an approval would not be forthcoming on a timely basis for this project.

Therefore, upon approval by the EPA under the CERCLA Off-Site rule, the White Mesa Mill will be able to receive the Ore Material – immediately upon such approval.